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IN THE UNITED STATES DISTRICT COURT

DISTRICT OF UTAH, NORTHERN DIVISION

UNITED STATES OF AMERICA

Plaintiff,

v.

REAL PROPERTY LOCATED AT
(REDACTED) Layton, Utah 84040,

REAL PROPERTY LOCATED AT
(REDACTED) South Weber, Utah 84405,

REAL PROPERTY LOCATED AT
(REDACTED) Mountain Green, Utah 84050,

FUNDS HELD IN WELLS FARGO BANK
ACCOUNT # (REDACTED)3287 in the
names of JOHN ROSS and SUSAN ROSS of
at least \$11,283.11,

FUNDS HELD IN WASHINGTON
MUTUAL BANK ACCOUNT #
(REDACTED)423-2 in the name of SUSAN
ROSS of at least \$1,649.24,

FUNDS HELD IN AN ACCOUNT AT
CHARLES SCHWAB ACCOUNT #
(REDACTED)1482 in the name of JOHN
ROSS of at least \$21,777.41,

FUNDS HELD IN AN ACCOUNT AT THE

CASE: # 1:07CV00006-TS

REDACTED

VERIFIED COMPLAINT

FOR FORFEITURE *IN REM*

JUDGE: TED STEWART

VANGUARD GROUP ACCOUNT #
(REDACTED)8658 FUND # 30 in the name
of JOHN D. ROSS LIVING TRUST of at
least \$786.23,

FUNDS HELD IN AN ACCOUNT AT THE
VANGUARD GROUP ACCOUNT #
(REDACTED)8658 FUND # 65 in the name
of JOHN D. ROSS LIVING TRUST of at
least \$1,272.10,

FUNDS HELD IN AN ACCOUNT AT THE
VANGUARD GROUP ACCOUNT #
(REDACTED)9734 FUND # 30 in the name
of SUSAN G. ROSS of at least \$857.80,

FUNDS HELD IN AN ACCOUNT AT THE
VANGUARD GROUP ACCOUNT #
(REDACTED)4370 in the names of MARK
G. WARD and COURTNEY WARD of at
least \$103,059.72,

FUNDS HELD IN HOME SAVINGS BANK
ACCOUNT # (REDACTED)8618 in the
name of PAUL GOTAY of at least
\$381,000.000,

FUNDS FROM HAMPTON
DEVELOPMENT AND CONSTRUCTION,
LLC of at least \$240,000.00,

FUNDS HELD IN UTAH EDUCATIONAL
SAVINGS PLAN in the names of SUSAN
ROSS'S minor grandchildren of at least
\$24,503.69,

2001 JEEP GRAND CHEROKEE, VIN:
1J4GW58N31C694512,

2006 ACURA MDX, VIN:
2HNYD18696H505846,
Defendants.

Plaintiff, United States of America, by and through the undersigned Assistant United States Attorney for the District of Utah, alleges the following upon information and belief for its claim against the Defendant real and personal properties.

1. This is a civil forfeiture action in rem brought pursuant to 18 U.S.C. § 981(a)(1)(C), (A), and (D), 17 U.S.C. §§ 506 and 509 and 49 U.S.C. § 80303.

2. The Defendant real and personal properties are known and numbered as:

- Real Property located at (REDACTED)¹ Layton, Utah 84040.
- Real Property located at (REDACTED) South Weber, Utah 84405.
- Real Property located at (REDACTED) Mountain Green, Utah 84050.
- FUNDS HELD IN WELLS FARGO BANK ACCOUNT # (REDACTED)3287
in the names of JOHN ROSS and SUSAN ROSS of at least \$11,283.11
- FUNDS HELD IN WASHINGTON MUTUAL BANK ACCOUNT #
(REDACTED)423-2 in the name of SUSAN ROSS of at least \$1,649.24
- FUNDS HELD IN AN ACCOUNT AT CHARLES SCHWAB ACCOUNT #
(REDACTED)1482 in the name of JOHN ROSS of at least \$21,777.41
- FUNDS HELD IN AN ACCOUNT AT THE VANGUARD GROUP
ACCOUNT # (REDACTED)8658 FUND # 30 in the name of JOHN D. ROSS
LIVING TRUST of at least \$786.23

¹ This case was originally filed under seal. This unsealed copy of the Complaint contains redacted information pursuant to the Privacy Policies of the Judicial Conference of the United States, JCUS-SEP 03, pp. 15-16 (<http://www.uscourts.gov/judconf/sept03proc.pdf>), and Section 205 of the E-Government Act of 2002, as adopted by the District of Utah in local rule DUCivR 7-3.

- FUNDS HELD IN AN ACCOUNT AT THE VANGUARD GROUP
ACCOUNT # (REDACTED)8658 FUND # 65 in the name of JOHN D. ROSS
LIVING TRUST of at least \$1,272.10
- FUNDS HELD IN AN ACCOUNT AT THE VANGUARD GROUP
ACCOUNT # (REDACTED)9734 FUND # 30 in the name of SUSAN G. ROSS
of at least \$857.80
- FUNDS HELD IN AN ACCOUNT AT THE VANGUARD GROUP
ACCOUNT # (REDACTED)4370 in the name of MARK G. WARD and
COURTNEY WARD of at least \$103,059.72
- FUNDS HELD IN HOME SAVINGS BANK ACCOUNT # (REDACTED)8618
in the name of PAUL GOTAY of at least \$381,000.000
- FUNDS FROM HAMPTON DEVELOPMENT AND CONSTRUCTION, LLC
of at least \$240,000.00
- FUNDS HELD IN UTAH EDUCATIONAL SAVINGS PLAN in the names
SUSAN ROSS'S minor grandchildren of at least \$24,503.69
- 2001 JEEP GRAND CHEROKEE, VIN: 1J4GW58N31C694512
- 2006 ACURA MDX, VIN: 2HNYD18696H505846

3. Subject matter jurisdiction over this matter by the Court is proper by virtue of 28 U.S.C. §§ 1345 and 1355(a). In Rem jurisdiction over this matter by the Court is proper by virtue of 28 U.S.C. §§ 1355(b) and (d). Venue is proper in this district pursuant to 28 U.S.C. §§ 1355(b)(1) and 1395 and 18 U.S.C. § 981(h).

4. The United States does not request authority from the Court to seize the Defendant real properties at this time. As to the Defendant real properties, the United States will, as provided by 18 U.S.C. § 985(b)(1) and (c)(1):

- (a) Post notice of this action and a copy of the Complaint on the Defendant real properties, and
- (b) Serve notice of this action on the owners of the Defendant real properties, and any other person or entity who may claim an interest in the defendant, along with a copy of this Complaint, and
- (c) Execute a writ of entry for purposes of conducting an inspection and inventory of the property, and
- (d) File a Lis Pendens in county records of the Defendant real properties' status as a defendant in this in rem action.

The United States will also, as provided in 19 U.S.C. § 1606, appraise the Defendant real properties when it executes the Writ of Entry.

5. In accordance with the Supplemental Rules for Admiralty or Maritime Claims and Asset Forfeiture Actions, Rule G(2)(d), the Defendant personal properties were initially seized at the following locations:

- (a) Funds held in Wells Fargo Account #(REDACTED)3287, in the name of John Ross and Susan Ross of at least \$11,283.11, were seized on November 1, 2006, at the Wells Fargo East Broadway Branch, 381 E. Broadway, Salt Lake City, Utah. The funds were provided by the Wells Fargo Levy Processing Department,

MAC S3928-021, P.O. Box 29779, Phoenix, Arizona 85038, through United States Mail to the Federal Bureau of Investigation, 257 E. 200 S. Suite 1200, Salt Lake City, Utah, in the form of a Wells Fargo cashier's check number 268098079, made payable to the United States Marshals Service.

- (b) Funds held in Washington Mutual Bank Account # (REDACTED)423-2 in the name of Susan Ross of at least \$1,649.24, were seized on November 1, 2006, at the Washington Mutual Salt Lake Uptown Branch, 376 E. 400 S. Suite 100, Salt Lake City, Utah. The funds were provided on-site to the Federal Bureau of Investigation in the form of a Washington Mutual Bank official check number 505459210 made payable to the United States Marshals Service.
- (c) Funds held in Charles Schwab Account # (REDACTED)1482 in the name of John Ross of at least \$21,777.41 were seized on November 1, 2006, at Charles Schwab, 268 S. State Street Suite 140, Salt Lake City, Utah. The funds were provided by the Charles Schwab Corporate Counsel, 101 Montgomery Street, San Francisco, California 94104, through United States Mail to the Federal Bureau of Investigation, 257 E. 200 S. Suite 1200, Salt Lake City, Utah, in the form of Charles Schwab check number 226537, made payable to the United States Marshals Service.
- (d) Funds held in the Vanguard Group Account # (REDACTED)8658 Fund # 30 and Fund #65 in the name of John D. Ross Living Trust of at least \$786.23 and \$1,272.10 and the Vanguard Group Account # (REDACTED)9734 Fund # 30 in the name of Susan G. Ross of at least \$857.80 were seized on November 8, 2006,

at Vanguard Group Legal Department, 400 Devon Park Drive, Wayne, Pennsylvania 19087. The funds were frozen in place.

- (e) Funds held in an account at the Vanguard Group Account # (REDACTED)4370 in the name of Mark G. Ward and Courtney Ward of at least \$103,059.72 were seized on November 16, 2006, at Vanguard Group Legal Department, 400 Devon Park Drive, Wayne, Pennsylvania 19087. The funds were frozen in place.
- (f) Funds held in Home Savings Bank Account # (REDACTED)8618 in the name of Paul Gotay of at least \$381,000.000 were seized on November 16, 2006, at Home Savings Bank, 1455 E. 2100 S. Salt Lake City, Utah. The funds were provided on-site to the Federal Bureau of Investigation in the form of a Home Savings Bank official check number 011772 made payable to the United States Marshals Service.
- (g) Funds from Hampton Development and Construction, LLC of at least \$240,000.00 were seized on November 15, 2006, from Hampton Development and Construction, Ogden, Utah. The funds were provided by R&O Construction, 933 Wall Avenue, Ogden, Utah, to the Federal Bureau of Investigation in the form of a Bank of Utah official check number 5053938391 in the amount of \$40,000.00 and a Zions Bank official check number 61-262025894 in the amount of \$200,000.00, both made payable to the United States Marshals Service.
- (h) Funds held in Utah Educational Savings Plan in the names Susan Ross's minor grandchildren of at least \$20,000.00 were seized on November 7, 2006, from the Utah Educational Savings Plan, Board of Regents Building, 60 South 400 West,

Salt Lake City, Utah 84101. The interest in the accounts, totaling \$4,503.69 was seized on November 14, 2006. The funds were provided by the Utah Educational Savings Plan (UESP) through United States Mail to the Federal Bureau of Investigation, 257 E. 200 S. Suite 1200, Salt Lake City, Utah, in the form of four UESP checks payable to the United States Marshals Service: check number 17803 for \$6,197.16; check number 17804 for \$6,197.16; check number 17805 for \$5,912.21; check number 17806 for \$6,197.16.

- (i) The 2001 Jeep Grand Cherokee, VIN: 1J4GW58N31C694512, and the 2006 Acura MDX, VIN: 2HNYD18696H505846, were seized on November 9, 2006, from John Ross and Susan Ross at (REDACTED) Layton, Utah, and were taken into Federal Bureau of Investigation custody, 257 East 200 South Suite 1200, Salt Lake City, Utah.

6. The United States alleges the Defendant real and personal properties are subject to forfeiture to the United States because they were used to commit, facilitate, were involved in or were proceeds of the commission of violations of Title 18 U.S.C. § 1341 (Mail Fraud), Title 18 U.S.C. § 666 (Theft from a State Agency Receiving Federal Funds), Title 18 U.S.C. § 1956 and 1957 (Laundering of Monetary Instruments), and Title 17 U.S.C. § 506(a) and Title 18 U.S.C. § 2319(b)(3) (Copyright Infringement).

FACTS AND CIRCUMSTANCES SUPPORTING FORFEITURE

7. On or about May 6, 2005, the Farmington Police Department and the Federal Bureau of Investigation initiated an investigation of the Davis School District Title I program.

The investigation was initiated as a result of allegations that money from the Federally funded program was being misappropriated.

8. Susan G. Ross ("Ross") was employed by the Davis School District since approximately 1973. Ross was involved with the Title I program at Davis School District as a Program Tutorial Reading Teacher, Developer - Demonstrator, Program Evaluator, and Trainer. Ross was the Director of Indian Education, Summer Migrant Education, English As a Second Language, Even Start Family Literacy and Before and After School Programs.

9. In or about 1985, Ross also became the Director of Title I Services for Davis School District. Ross held the title of Federal Programs Director at the time of her retirement in May, 2005. As Director of the Title I Program, Ross had complete control of all aspects of the program for the school district and an annual approximate \$1 million Federal Grant, increasing from \$2.5 million to almost \$4 million by 2005, all designed to support the education of the Title I students of Davis County, Utah.

10. Since approximately 1984, Ross had approved the purchase of books and materials from Research and Development Consultants, Inc., (R&D) in Salt Lake City, Utah. The product received from R&D indicates that it was created by R&D and Susan Ross, Title I Director, Davis School District.

11. According to financial records, R&D had an annual revenue of approximately \$900,000. That coincided with the amount Davis School District paid the company annually. A comparison of financial records showed that from approximately 2000 to 2006, Davis School District was R&D's only customer and only source of income.

12. Davis School District has approximately 5,000 Title I students. The books and materials provided to those students by R&D annually cost Davis School District approximately \$685,815. The materials and books provided to the 60,000 Davis County non-Title I students was approximately \$2 million annually.

13. All purchase orders, invoices and requests for materials of R&D went directly to Ross for her approval. Ross has authorization to approve payments below \$5,000 for the approved vendors of the school district. Any request, invoice or purchase order in excess of \$5,000 required approval from Ross's superiors. Reviewing the invoices for R&D shows that all of the invoices were broken into amounts less than \$5,000. Those invoices were then approved by Ross and sent to the accounts payable department, which periodically created and mailed checks to R&D.

14. Products from R&D were never sent directly from R&D to any school in Davis County. Rather, Susan Ross arranged for the books to be copied, arranged for the copies to be picked up, and delivered the products to the appropriate schools. All other vendors sent their products directly to Davis School District's central storage facility or delivered the goods directly to the school that requested the material.

15. All orders, invoices, deliveries, product handling payments, and inventory for R&D were controlled by Susan Ross.

16. Davis School District mailed payments for materials to R&D. R&D President, Dr. Terry Applegate, along with Vice President, Dr. Keith Evans, shared the responsibility to deposit the checks from the school district into a business account set up in the name of R&D.

Applegate and Evans were instructed by Ross to keep a percentage of each payment from Davis School District for R&D. Applegate and Evans then wrote and mailed a check for the remainder to a company called Notable Education Writing Services (NEWS). NEWS was owned and operated by Susan Ross and John Ross (“Rosses”).

17. Susan Ross, on behalf of R&D contacted Dingman Professional Printing, Ogden, Utah and had the materials for the Title I program printed. All orders by R&D to Dingman Professional Printing were made by Susan Ross. All requests, purchase orders, payments, pickups and deliveries to or from Dingman Professional Printing by R&D were all done by Susan Ross. Dingman Professional Printing never delivered any R&D materials to Davis School District. The owner and operator of Dingman Professional Printing has never heard from or spoken to any other representative of R&D including either Applegate or Evans. Susan Ross paid for substantially all the materials produced by Dingman Professional Printing with her American Express Card or with cash.

18. Based on financial records, between the period January 2000 through April 2005, approximately \$4,295,786.95 was paid to R&D by Davis School District. Out of those funds, approximately \$3,945,671.00 was paid to NEWS in the form of checks that were directly deposited into the NEWS bank account at Bank of America. For the years listed below, the Rosses caused Davis School District to make payments to R&D totaling the amounts listed below

Year	Total Payments from Davis School District to R&D
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1996 ²	\$188,672.21
1997	\$481,335
1998	\$653,700
1999	\$741,506
2000	\$742,159
2001	\$836,895
2002	\$837,889
2003	\$961,780.95
2004	\$745,838
2005	\$171,225

19. For the years listed below, the Rosses caused R&D to make payments to NEWS totaling the amounts listed below:

Year	Total Payments from R&D to NEWS
2000	\$691,735
2001	\$780,052
2002	\$779,230
2003	\$894,467
2004	\$693,632
2005	\$106,555

20. The Rosses maintained accounts in the names of Notable Education Writing (NEWS). These accounts served to collect the funds paid to the Rosses by R&D. The funds within the NEWS accounts were used by the Rosses to pay personal expenses and to make

²1996 through 1999 represent fiscal years 07/01/y to 06/30/y.

purchases on behalf of third parties.

21. On or about the dates listed below, the Rosses deposited checks written by R&D into a bank account at Bank of America in the name of Notable Education Writing, from which account the monies were transferred and used by the Rosses for their personal benefit:

Date	Amount
August 7, 2000	\$42,550
August 9, 2000	\$51,070
August 28, 2000	\$43,190
September 6, 2000	\$41,500
September 6, 2000	\$49,750
September 12, 2000	\$43,680
December 12, 2000	\$42,550
August 14, 2001	\$109,980
August 21, 2001	\$72,134
October 9, 2001	\$78,850
October 17, 2001	\$73,364
December 20, 2001	\$83,329
July 23, 2002	\$61,500
July 23, 2002	\$122,700
July 26, 2002	\$56,172
August 12, 2002	\$76,604
August 30, 2002	\$56,362
September 9, 2002	\$51,383
October 22, 2002	\$53,242
October 31, 2002	\$43,896

November 19, 2002	\$41,060
January 14, 2003	\$61,379
June 23, 2003	\$87,925
June 30, 2003	\$72,354
July 14, 2003	\$57,883
July 25, 2003	\$52,824
August 6, 2003	\$69,192
August 13, 2003	\$83,030
August 26, 2003	\$41,516
August 29, 2003	\$69,387
September 4, 2003	\$41,516
October 29, 2003	\$58,590
November 5, 2003	\$51,150
June 24, 2004	\$94,335
August 16, 2004	\$55,354
August 30, 2004	\$50,419
September 16, 2004	\$84,830
September 28, 2004	\$71,746
October 4, 2004	\$76,781
October 13, 2004	\$50,788
November 15, 2004	\$56,135
January 6, 2005	\$54,870
January 18, 2005	\$51,685

22. According to the records maintained by the school district, on or about July 14, 2003, the Rosses made and caused others to make 480 unauthorized copies of *Away We Go*, on which work Scott Foresman and Company, and others held valid and legal copyrights, which

unauthorized copies were sold to Davis School District through R&D. The publisher's list price per copy of *Away We Go* was approximately \$13.22, however, R&D charged Davis School District \$93 per each copy of *Away We Go* for a total sale price of approximately \$44,640.

23. According to the records maintained by the school district, on or about May 21, 2004, the Rosses made and caused others to make 395 unauthorized copies of *One Potato Two*, on which work Silver, Burdett & Ginn, Inc., and others held valid and legal copyrights, which unauthorized copies were sold to Davis School District through R&D. The publisher's list price per copy of *One Potato Two* was approximately \$17.08, however, R&D charged Davis School District \$79 per each copy of *One Potato Two* for a total sale price of \$31,205.

24. According to the records maintained by the school district, from on or about July 19, 2004 to on or about July 28, 2004, the Rosses made and caused others to make 60 unauthorized copies of *Yellow Fish Blue Fish*, on which work D.C. Heath and Company and others held valid and legal copyrights, which unauthorized copies were sold to Davis School District through R&D. The publisher's list price per copy of *Yellow Fish Blue Fish* was approximately \$25.05, however, R&D charged Davis School District \$79 per each copy of *Yellow Fish Blue Fish* for a total sale price of \$4,740.

25. According to the records maintained by the school district, from on or about July 19, 2004 to on or about July 28, 2004, the Rosses made and caused others to make 60 unauthorized copies of *My Friends the Frogs*, on which work D.C. Heath and Company and others held valid and legal copyrights, which unauthorized copies were sold to Davis School District through R&D. The publisher's list price per copy of *My Friends the Frogs* was approximately \$25.05,

however, R&D charged Davis School District \$79 per each copy of *My Friends the Frogs* for a total sale price of \$4,740.

26. According to the records maintained by the school district, from on or about July 19, 2004 to on or about July 28, 2004, the Rosses made and caused others to make 82 unauthorized copies of *A Soft Pillow for an Armadillo*, on which work D.C. Heath and Company and others held valid and legal copyrights, which unauthorized copies were sold to Davis School District through R&D. The publisher's list price per copy of *A Soft Pillow for an Armadillo* was approximately \$53.67, however, R&D charged Davis School District \$79 per each copy of *A Soft Pillow for an Armadillo* for a total sale price of \$6,478.

27. According to the records maintained by the school district, on or about August 27, 2004, the Rosses made and caused others to make 480 unauthorized copies of *Inside My Hat*, on which work Silver, Burdett & Ginn, Inc., and others held valid and legal copyrights, which unauthorized copies were sold to Davis School District through R&D. The publisher's list price per copy of *Inside My Hat*, was approximately \$14.28, however, R&D charged Davis School District \$89 per each copy of *Inside My Hat* for a total sale price of \$42,720.

28. According to the records maintained by the school district, on or about August 27, 2004, the Rosses made and caused others to make 160 unauthorized copies of *Birds Fly, Bears Don't*, on which work Silver, Burdett & Ginn, Inc., and others held valid and legal copyrights, which unauthorized copies were sold to Davis School District through R&D. The publisher's list price per copy of *Birds Fly, Bears Don't* was approximately \$30.45, however, R&D charged Davis School District \$83 per each copy of *Birds Fly, Bears Don't* for a total sale price of

\$13,280.

29. Based on a financial analysis conducted by the FBI, between the period of on or about 2000 and 2005, NEWS paid approximately \$200,000 to copy the books that were sold to Davis School District. However, on the Ross's 1040, personal income tax returns, on the Schedules C for NEWS, the Rosses reported cost of goods sold far in excess of their actual expenditures. As a result, the Ross's personal income tax was substantially reduced.

30. Based on financial records, between the period of on or about January 2000 through April 2005, approximately \$4,295,786.95 was paid to R&D by Davis School District. Out of those funds, approximately \$3,945,671.00 was directly deposited into the NEWS Bank of America account number (REDACTED)1917.

31. Between the period of on or about January 2000 through January 2005, financial records show that John Ross and Susan Ross caused the transfer of approximately \$3,280,969.80 in funds from the NEWS Bank of America account number (REDACTED)1917 to various bank accounts, credit cards, and assets in John and Susan Ross's custody and control.

TRACEABLE FINANCIAL TRANSACTIONS FROM NEWS TO THE ROSSES AND FROM
THE ROSSES TO SUBSEQUENT LOCATIONS

Wells Fargo Bank Account Number (REDACTED)79-14 in the name of John Ross

32. Between the period of on or about March 2000 through January 2005, approximately \$109,470.00 was directly deposited to John Ross, Wells Fargo Bank account number (REDACTED)79-14 from NEWS, Bank of America account number (REDACTED)1917.

Wells Fargo Bank Account Number (REDACTED)3287 in the name of John Ross and

Susan Ross

33. Between the period of on or about November 2003 to January 2005, approximately \$390,126.00 was deposited to John Ross and Susan Ross, Wells Fargo account number (REDACTED)3287 from NEWS, Bank of America account number (REDACTED)1917. Included in this amount is approximately \$73,291.00 obtained from the sale of real property located at (REDACTED) Layton, Utah.

Washington Mutual Bank Account Number (REDACTED)423-2 in the name of Susan Ross

34. On or about October 3, 2003, approximately \$60,000.00 was deposited to Susan Ross, Washington Mutual Bank account number (REDACTED)423-2 from NEWS, Bank of America account number (REDACTED)1917. On or about October 28, 2003, check number 93 in the amount of \$68,900.00 was drawn on Washington Mutual Bank account number (REDACTED)423-2 payable to Symphony Homes. The memo of the check states "Lot 314 Peacefield." Records obtained from the Davis County Recorder's Office show that Lot 314 Peacefield is located at (REDACTED) Layton, Utah. Davis County Recorder's Office records further show that on March 28, 2005, John Ross and Susan Ross sold (REDACTED) Layton, Utah, to Symphony Development Corporation through Warranty Deed. On or about March 29, 2005, a check in the amount of \$73,291.00 from Bonneville Title was issued to John Ross and Susan Ross representing the proceeds from the sale of (REDACTED) Layton, Utah. The Bonneville Title \$73,291.00 check was deposited into Wells Fargo account number (REDACTED)3287.

Horizon Credit Union Savings Account Number (REDACTED)09-05 in the name of Susan

**Ross and Horizon Credit Union Checking Account Number (REDACTED)09-01 in the
name of Susan Ross**

35. Between the period of on or about October 2001 to December 2004, approximately \$228,800.00 was deposited to Susan Ross, Horizon Credit Union account number (REDACTED)09-05 through cashier's checks obtained from NEWS, Bank of America account number (REDACTED)1917. Between the period of on or about October 2001 to December 2004, approximately \$389,196.79 was transferred from Susan Ross, Horizon Credit Union account number (REDACTED)09-05 to Horizon Credit Union account number (REDACTED)09-01.

**Wells Fargo Bank Account Number (REDACTED)7109 in the name of Susan Ross Living
Trust/ Susan and John Ross**

36. On or about September 30, 2003, approximately \$100,000.00 was deposited into Susan Ross's Wells Fargo account number (REDACTED)7109 from Susan Ross's Horizon Credit Union account number (REDACTED)09-01.

**Washington Mutual Bank Account Number (REDACTED)180-8 in the name of The Susan
Ross Living Trust / John and Sue Ross, Trustees**

37. On or about May 22, 2002, approximately \$20,000.00 was paid to Jeff Judd from Susan Ross, Horizon Credit Union account number (REDACTED)09-01, for the purchase of a "Lot". Davis County Recorder's Office records show that on or about August 5, 2002, John Ross and Susan Ross filed a Notice of Interest on real property located at (REDACTED) Bountiful, Utah. The Notice of Interest was filed to secure the Ross's interest in an unrecorded Real Estate

Purchase Contract dated May 18, 2002, wherein John Ross and Susan Ross appear as the buyer and Jeff Judd appears as the seller. In August 2002, an additional \$30,000.00 was paid to Jeff Judd from John Ross and Susan Ross, Wells Fargo Bank account number (REDACTED)92-93, for the "purchase of a Lot". On or about September 4, 2002, John Ross and Susan Ross filed a Release of Interest with the Davis County Recorder's Office and, in turn, filed a Warranty Deed indicating that John Ross and Susan Ross purchased the property from Jeff Judd. On or about January 30, 2004, John and Susan Ross executed a Warranty Deed transferring title of the property to the John D. Ross and Susan Ross Living Trust. Between on or about July 26, 2004, and August 18, 2004, approximately \$12,928.34 was paid to American First Builders from NEWS, Bank of America account number (REDACTED)1917. Between on or about October 2004 and April 2005, approximately \$329,979.25 was paid to American First Builders from John Ross and Susan Ross, Wells Fargo account number (REDACTED)3287. On or about June 15, 2005, the Living Trust sold the property to American First Builders through the filing of a Special Warranty Deed. On or about September 23, 2005, American First Builders sold the property through Warranty Deed to John Peterson and Kathleen Peterson. On or about September 29, 2005, approximately \$791,825.86 was received from American First Builders for the proceeds of the sale of the 4202 S. (REDACTED) Bountiful, Utah property. American First Builders distributed the proceeds of the sale to John Ross and Susan Ross in two checks both in the amount of \$395,912.94. One check in the amount \$395,912.94 payable to John Ross was directly deposited to Vanguard Group account number (REDACTED)6759 in the name of John D. Ross. The other check in the amount of \$395,912.94 payable to Susan Ross was deposited into Washington Mutual Bank account number (REDACTED)180-8. On or about April 20,

2006, \$300,000.00 from Washington Mutual Bank account number (REDACTED)180-8 was transferred to the Vanguard Group account number (REDACTED)6759 in the name of John D. Ross.

Charles Schwab Account Number (REDACTED)1482

38. Between the period of on or about November 2003 to January 2005, approximately \$390,126.00 was deposited to John Ross and Susan Ross's Wells Fargo account # (REDACTED)3287 from NEWS, Bank of America, account # (REDACTED)1917. On or about March 4, 2004, approximately \$6,390.00 was paid to Charles Schwab, account # (REDACTED)1482 from Wells Fargo account # (REDACTED)3287. On or about June 8, 2006, approximately \$8,000.00 was paid to Charles Schwab account number (REDACTED)1482 from Vanguard Group account number (REDACTED)6759 in the name of John D. Ross.

**2001 Jeep Grand Cherokee, Vehicle Identification Number 1J4GW58N31C694512,
registered to John D. Ross and Susan Ross**

39. On or about November 24, 2001, John Ross and Susan Ross purchased a 2001 Jeep Grand Cherokee, Vehicle Identification Number 1J4GW58N31C694512, from John Mecham Chrysler Jeep, 2280 South State Street, Salt Lake City, Utah for approximately \$31,685.87 plus taxes and fees. John Ross and Susan Ross made a \$10,000.00 down payment on the Jeep through two separate transactions. On or about November 29, 2001, check number 5473 drawn on NEWS Bank of America account number (REDACTED)1917 was issued in the amount of \$5,000.00 to John Mecham Chrysler Plymouth Jeep by John Ross. The notation on the check reads "purchase 2001 Jeep". Between the period of on or about January 2000 to April 2003,

approximately \$306,611.00 was deposited from NEWS Bank of America account number (REDACTED)1917 to the Wells Fargo Bank account number (REDACTED)92-93 in the name of John Ross and Susan Ross. On or about November 28, 2001, check number 2527 in the amount of \$1,000 and check number 2529 in the amount of \$4,000, both issued to John Mecham Chrysler Plymouth Jeep, were drawn on Wells Fargo Bank account number (REDACTED)92-93. The Wells Fargo Bank account number (REDACTED)92-93 had its last transaction on or about September of 2003 and was closed at approximately that time. On or about November 24, 2001, John Ross and Susan Ross financed the remaining \$22,356.78 for the purchase of the 2001 Jeep Grand Cherokee with Bank One, loan number (REDACTED)2378. On or about August 4, 2003, John Ross and Susan Ross made a \$16,226.16 payment to Bank One with check number 6007 drawn on NEWS Bank of America account number (REDACTED)1917 to pay off the 2001 Jeep Grand Cherokee loan.

\$24,503.69 in Funds Deposited to Utah Educational Savings Plan

40. On or about December 29, 2004, approximately \$20,000.00 was paid to Utah Educational Savings Plan from Susan Ross, with check number 852 from the Horizon Credit Union account number (REDACTED)09-01. The notation on the check states “\$5,000 each J(REDACTED), K(REDACTED), C(REDACTED), J(REDACTED)”, who are the Ross’s minor grandchildren. As of November 14, 2006, approximately \$4,503.69 in interest had accrued from these savings plans.

Funds in Vanguard Group Retirement and/or Investment Accounts in the name of John D. Ross and/or Susan Ross

41. On or about August 2005, John Ross and Susan Ross opened a Fund # 30 Prime

Money Market Fund with an account number of (REDACTED)6759.

42. On or about October 4, 2005, a \$395,912.93 check from American First Builders payable to John Ross was deposited into Vanguard Group account number (REDACTED)6759. On or about January 31, 2006, a cashiers check drawn on Washington Mutual Bank account number (REDACTED)180-8 in the amount of \$33,750.00 was deposited into Vanguard Group account number (REDACTED)6759. On or about April 20, 2006, \$300,000.00 was transferred from Washington Mutual Bank Account number (REDACTED)180-8 into the Vanguard Investment Account with an account number of (REDACTED)6759.

43. As of November 8, 2006, the Vanguard Group account number (REDACTED)6759 had a zero balance. However, on or about August 23, 2006, \$622,133.92 was transferred out of this account. This transfer was used to open a Fund # 30 Prime Money Market Fund under the name of John D. Ross Living Trust, John D. Ross Trustee, with an account number of (REDACTED)8658.

Funds in Vanguard Group Retirement and/or Investment Accounts in the name of John D. Ross Living Trust

44. The John D. Ross Living Trust in Vanguard account number (REDACTED)8658 Fund # 30 had two significant transfers. On or about September 6, 2006, \$100,000.00 was used to open a Fund # 65 Equity Income Fund under the same account number (REDACTED)8658. On or about September 12, 2006, \$300,000.00 was transferred out of the account and used to open a Fund # 30 Prime Money Market Fund under the name of Susan G. Ross with an account number of (REDACTED)9734. Currently the following Vanguard accounts held by John and

Susan Ross contain the following amounts: Account # (REDACTED)8658 Fund # 30 = \$786.23; Account # (REDACTED)8658 Fund # 65 = \$1,272.10; Account # (REDACTED)9734 Fund # 30 = \$857.80.

45. On or about November 2, 2006, John and Susan Ross contacted Vanguard stating that they wanted to withdraw funds from the above-mentioned accounts. Vanguard issued three separate checks to John Ross and Susan Ross, which are reflected on the account statements as check redemptions. Checks were issued for account number (REDACTED)8658 Fund # 30 in the amount of \$192,000.00, account number (REDACTED)8658 Fund # 65 in the amount of \$103,000.00; and account number (REDACTED)9734 in the amount of \$86,000.00. These checks cleared Vanguard's bank on or about November 6, 2006.

**Funds Held in Home Savings Bank account number (REDACTED)8618 in the name of
Paul Gotay of at least \$381,000.00**

46. On or about November 2, 2006, John D. Ross contacted Vanguard and requested the withdrawal of a total of \$381,000.00 from the three Vanguard accounts owned by John D. Ross Living Trust and Susan G. Ross, as listed above. Vanguard issued three separate checks dated November 2, 2006, as follows: 1) Check number 11795171 payable to John D. Ross Trust in the amount of \$ 192,000.00; 2) Check number 11795218 payable to John D. Ross Trust in the amount of \$103,000.00; 3) Check number 11795170 payable to Susan Ross in the amount of \$86,000.00. On or about November 6, 2006, John D. Ross and Susan Ross endorsed the back of the checks and transferred the checks to Paul Gotay (Gotay). On or about November 6, 2006, Gotay appeared at Home Savings Bank with John and Susan Ross. Gotay opened a personal account under number (REDACTED)8618, endorsed the back of the checks, and caused the

\$381,000.00 to be deposited into account number (REDACTED)8618.

2006 Acura MDX, VIN 2HNYD18696H505846

47. The Motor Vehicle Contract of Sale dated on or about January 2, 2006, shows that John Ross and Susan Ross purchased a 2006 Acura MDX, VIN 2HNYD18696H505846, from Mike Hale Acura, 5601 South State Street, Murray, Utah for \$40,500.00. The payment for this Acura was made by check from the John D. Ross Individual Money Market Vanguard Investment Account with an account number of (REDACTED)6759 in the amount of \$40,500.00. The check number for this payment was 1008 dated on or about January 6, 2006.

\$240,000.00 in Funds Paid to Hampton Development and Construction LLC

48. Between on or about October 2005 and April 2006, a total of \$695,912.94 was deposited into the John D. Ross Vanguard account number (REDACTED)6759 from American First Builders for the sale of the Ross's home located at (REDACTED) Bountiful, Utah. On or about June 6, 2006, check number 1042 in the amount of \$10,000.00 was drawn on Vanguard account number (REDACTED)6759 payable to Hampton Development and Constuction LLC. The notation on the check, signed by John D. Ross, stated "Earnest Money/Lot & Home." On or about August 23, 2006, \$622,133.92 was transferred from the Vanguard account number (REDACTED)6759 into the John D. Ross Living Trust Vanguard account number (REDACTED)8658. On or about September 12, 2006, \$300,000.00 was transferred from Vanguard account number (REDACTED)8658 into the Susan G. Ross Vanguard account number (REDACTED)9734. On or about October 2, 2006, check number 1001 drawn on Vanguard account number (REDACTED)9734 in the amount of \$30,000.00 was issued to Hampton

Development and Construction LLC. Susan G. Ross signed the check, with the notation "Down Payment, Ross Home". On or about October 26, 2006, check number 1002 drawn on Vanguard account number (REDACTED)9734 in the amount of \$200,000.00 was issued to Hampton Development and Construction LLC. Susan G. Ross signed the check, with the notation "to apply toward closing cost on Lot 15".

**Vanguard Fund #539 Account Number (REDACTED)4370 in the name of Mark G. Ward
and Courtney Ward**

49. On or about December 14, 2005, John D. Ross issued check number 1005 drawn on Vanguard Money Market account number (REDACTED)6759 in the amount of \$27,250.00 payable to Dr. Mark G. Ward. On or about December 29, 2005, Susan Ross withdrew \$31,250.00 from Washington Mutual Bank account number (REDACTED)180-8. Out of this withdrawal, Washington Mutual Bank issued official check number (REDACTED)9049 in the amount of \$28,750.00 payable to Dr. Mark Ward. On or about December 29, 2005, Mark Ward deposited a total of \$56,000.00 into America First Federal Credit Union (AFFCU) Savings Account Number (REDACTED)5699. This deposit included the \$27,250.00 Vanguard check, as well as the \$28,750.00 Washington Mutual official check.

50. Also, on or about December 29, 2005, an additional \$56,000.00 was electronically transferred from Intermediary Bank, State Street Bank & Trust Company, to AFFCU account number (REDACTED)21-2.1 in the name of Christopher Ward. The \$56,000.00 deposited to Christopher Ward's AFFCU account number (REDACTED)21-2.1 was transferred the same day, December 29, 2005, to Mark Ward's AFFCU account number (REDACTED)5699. On or about January 17, 2006, an electronic bank transfer of \$100,000 from AFFCU account number

(REDACTED)5699 was made to Vanguard Group Investment account number (REDACTED)4370, Fund #539 short-term investment grade fund, in the name of Mark G. Ward and Courtney Ward. The \$100,000 transfer was used to open the Vanguard account. Since January 17, 2006, (the date of the electronic bank transfer), to November 15, 2006, no additional money has been moved into the account. As of November 16, 2006, the balance is \$103,059.72 which includes the original \$100,000 plus accrued interest.

Real Property located at (REDACTED) Layton, Utah 84040

51. Currently, John Ross and Susan Ross are living in the real property located at (REDACTED) Layton, Utah, 84040. On or about Wednesday, May 24, 2006, Susan Ross testified before the grand jury where she was asked where she kept the documents related to NEWS, including receipts used in the preparation of her personal tax returns. Ross testified that these records were kept at her home, although they stored records in numerous areas.

Real Property located at (REDACTED) South Weber, Utah 84405

52. On or about November 28, 2003, Mark G. Ward and Courtney Ward purchased the real property located at (REDACTED) South Weber, Utah 84405 for \$350,268.57 cash. The purchase of this home was paid for by Susan Ross, who used four separate bank accounts. One transaction in the amount of \$120,000.00 was paid on or about November 28, 2003 by a cashier's check drawn on Horizon Credit Union using funds in Susan Ross's Horizon Credit Union account number (REDACTED)09-05. The second transaction also in the amount of \$120,000.00 was paid by a cashier's check on or about November 28, 2003 from Susan Ross's Washington Mutual account number (REDACTED)423-2. The third transaction in the amount of

\$100,000.00 was paid by a cashier's check on or about November 28, 2003 from Wells Fargo account number (REDACTED)7109. The fourth transaction in the amount of \$10,000.00 was paid on or about November 28, 2003 from John Ross's Wells Fargo account number (REDACTED)79-14. The total amount paid by Susan Ross for the purchase of Mark Ward's home was \$350,000.00. Mark Ward personally made a \$268.57 payment toward the purchase of the home through a cashier's check drawn on Centennial Bank.

53. On or about July 29, 2005, using the real property located at (REDACTED) South Weber, Utah 84405 as collateral, Mark Ward obtained a \$120,000.00 loan with America's Wholesale Lender. Out of this loan, Mountain View Title issued a check in the amount of \$60,534.72 to Countrywide Home Loans Servicing LP Payoff Department to pay off the \$62,000.00 Deed of Trust on the real property located at (REDACTED) Layton, Utah, 84040. Mark Ward received \$53,781.28 from the loan obtained on the real property located at (REDACTED) South Weber, Utah 84405.

Real Property located at (REDACTED) Mountain Green, Utah 84050

54. On or about August of 2001, approximately \$98,300.00 was used to pay the mortgage on the real property located at (REDACTED) Mountain Green, Utah 84050. Some of the funds used to pay for the real property located at (REDACTED) Mountain Green, Utah 84050 came from Susan Ross by way of NEWS Bank of America account number (REDACTED)1917. Three separate checks written from NEWS Bank of America account number (REDACTED)1917 were payable to Wells Fargo and then converted into cashier's checks. On or about August 17, 2001, two of the checks written from NEWS Bank of America account number (REDACTED)1917 in the amounts of \$37,200.00 and \$20,300.00 with the

memo of the checks stating “printing” were taken into Wells Fargo where they were converted into cashier’s checks and made payable to DIME Mortgage for the real property located at (REDACTED) Mountain Green, Utah 84050. On or about August 22, 2001, the third check from NEWS Bank of America account number (REDACTED)1917 to Wells Fargo for \$40,800.00, also with the memo of the check stating “printing,” was also taken into Wells Fargo and converted into a cashier’s check payable to DIME Mortgage for the real property located at (REDACTED) Mountain Green, Utah 84050. The total amount of money from NEWS Bank of America account number (REDACTED)1917 converted into cashier’s checks by Susan Ross and paid to DIME was \$98,300.00.

55. Upon filing their 2001 tax returns, Shane Parkinson and Shelley Parkinson received the IRS form 1098 from DIME mortgage account number (REDACTED)5414 and declared \$5,995.00 in mortgage interest for the real property located at (REDACTED) Mountain Green, Utah 84050.

56. On or about December 19, 2003, two checks from NEWS Bank of America account number (REDACTED)1917 were written to Wells Fargo in the amounts of \$14,700.00 with the memo of the check stating “printing” and \$3,200.00 with the memo of the check stating “reimbursement.” That same day, the two checks were taken into Wells Fargo where \$15,000.00 was converted into a cashier’s check made payable to Shane and Shelly Parkinson with the memo of the check stating “basement finishing gift from Santa,” and the rest of the money was converted into cash.

CONCLUSION

The above facts demonstrate the Defendant real properties constitute properties used to commit, facilitate, were involved in or were proceeds of violations of Title 18 U.S.C. § 1341 (Mail Fraud), Title 18 U.S.C. § 666 (Theft from a State Agency Receiving Federal Funds), Title 18 U.S.C. § 1956 and 1957 (Laundering of Monetary Instruments), Title 17 U.S.C. § 506(a) and Title 18 U.S.C. § 2319(b)(3) (Criminal Copyright Infringement). Therefore, the Defendant real and personal properties are subject to forfeiture to the United States pursuant to 18 U.S.C. § 981(a)(1)(C), (A), and (D), 17 U.S.C. §§ 506 and 509, and 49 U.S.C. § 80303.

WHEREFORE, the United States respectfully asserts that there is reasonable cause to believe that the United States will prove that the Defendant real and personal properties are forfeitable to the United States and requests:

A. That, pursuant to 18 U.S.C. § 985(b)(2), and 18 U.S.C. § 983(j), which permits the Court to "take any action to . . . preserve the availability of the property subject to civil forfeiture," the Court issue the proposed Writ of Entry attached to this Complaint authorizing the United States Marshals Service, or its delegate, to enter the Defendant real properties, including any structures, on one or more occasions during the pendency of this in rem forfeiture action:

- for the purpose of conducting an inspection and inventory and appraisal of the Defendant real properties, which inspection and inventory and appraisal may include still and video photography; and
- to be accompanied on any such occasion by any appraiser(s) selected by it to appraise the condition and value of the Defendant real properties pursuant to 19 U.S.C. § 1606; and

- to be accompanied on any such occasion by any government or contract personnel selected by it for the purpose of conducting an inventory of the Defendant real properties; and
- to be accompanied on any such occasion by any federal, state, and local law enforcement officers selected by it to ensure the safety of any person acting under the Writ of Entry;

B. That Pursuant to the Supplemental Rules for Admiralty or Maritime Claims and Asset Forfeiture Actions, Rule G(3)(b)(i), the Clerk issue a Summons and Warrant of Arrest as to the Defendant personal properties:

- FUNDS HELD IN WELLS FARGO BANK ACCOUNT # (REDACTED)3287 in the names of JOHN ROSS and SUSAN ROSS of at least \$11,283.11
- FUNDS HELD IN WASHINGTON MUTUAL BANK ACCOUNT # (REDACTED)423-2 in the name of SUSAN ROSS of at least \$1,649.24
- FUNDS HELD IN AN ACCOUNT AT CHARLES SCHWAB ACCOUNT # (REDACTED)1482 in the name of JOHN ROSS of at least \$21,777.41
- FUNDS HELD IN AN ACCOUNT AT THE VANGUARD GROUP ACCOUNT # (REDACTED)8658 FUND # 30 in the name of JOHN D. ROSS LIVING TRUST of at least \$786.23
- FUNDS HELD IN AN ACCOUNT AT THE VANGUARD GROUP ACCOUNT # (REDACTED)8658 FUND # 65 in the name of JOHN D. ROSS LIVING TRUST of at least \$1,272.10

- FUNDS HELD IN AN ACCOUNT AT THE VANGUARD GROUP
ACCOUNT # (REDACTED)9734 FUND # 30 in the name of SUSAN G. ROSS
of at least \$857.80
- FUNDS HELD IN AN ACCOUNT AT THE VANGUARD GROUP
ACCOUNT # (REDACTED)4370 in the name of MARK G. WARD and
COURTNEY WARD of at least \$103,059.72
- FUNDS HELD IN HOME SAVINGS BANK ACCOUNT # (REDACTED)8618
in the name of PAUL GOTAY of at least \$381,000.000
- FUNDS FROM HAMPTON DEVELOPMENT AND CONSTRUCTION, LLC
of at least \$240,000.00
- FUNDS HELD IN UTAH EDUCATIONAL SAVINGS PLAN in the names
SUSAN ROSS'S minor grandchildren of at least \$24,503.69
- 2001 JEEP GRAND CHEROKEE, VIN: 1J4GW58N31C694512
- 2006 ACURA MDX, VIN: 2HNYD18696H505846

C. Notice of this action be given to all persons known or thought to have an interest
in or right against the Defendant real and personal properties;

D. That the Defendant real and personal properties be forfeited and condemned to
the United States of America;

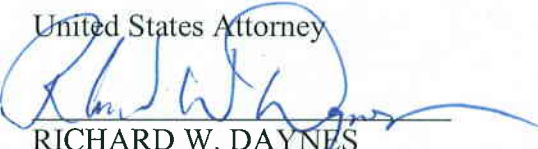
E. That subsequent to and post-trial, to: decree, confirm, enforce, and order an
Order of Forfeiture as to the Defendant real and personal properties to the United States and thus
order the United States Marshal, or his delegate, to dispose of the Defendant real and personal

properties as provided by law; and

F. Award Plaintiff, the United States, all other relief to which it is entitled, including the costs of this action and for such other and further relief as this court deems just and proper.

Dated this 12th day of January, 2007.

BRETT L. TOLMAN
United States Attorney



RICHARD W. DAYNES
Assistant United States Attorney

VERIFICATION

I am employed as a Special Agent with the Federal Bureau of Investigation, Salt Lake City Office, and have been so employed for approximately 9 ½ years. I am currently assigned as the case agent over this case.

I am currently assigned to the Salt Lake City Division's Ogden Resident Agency and am tasked with investigating White Collar Crime, including Public Corruption and Federal Program Fraud. I am an investigative or law enforcement officer of the United States, and am empowered by law to conduct investigations of and make arrests for offenses enumerated in Title 18 of the United States Code.

I have read the contents of the foregoing Complaint for Forfeiture *In Rem* and verify under penalty of perjury pursuant to 28 U.S.C. § 1746 that the statements contained therein are true and correct to the best of my knowledge and belief.

Executed on this 12 day of January, 2007.


GEORGE A. DOUGHERTY, JR.
Special Agent
Federal Bureau of Investigation